

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L TEGUCIGALPA 2509

E.O. 11652: GDS

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SUBJECT: ANALYSIS OF IMMEDIATE MAJOR PROBLEMS CONFRONTING REGIME

REF: TEGUCIGALPA 1818

BEGIN SUMMARY: THE NEW REGIME IS CONFRONTED WITH MAKING DIFFICULT DECISIONS ON AGRARIAN REFORM AND THE U.S. BANANA COMPANIES IN THE COMING MONTHS. THE DECISIONS TAKEN BY THE LT. COLONELS ON THESE TWO KEY ISSUES MAY WELL DEFINE THE NATURE AND FUTURE POLICIES OF THE GOVERNMENT. END SUMMARY.

1. THE NEW REGIME IS CONFRONTED WITH TWO FUNDAMENTAL PROBLEMS AND WILL HAVE TO DEAL WITH THESE PROBLEMS IN THE NEAR FUTURE. THE FIRST IS THE RELATIONSHIP OF THE GOVERNMENT TO THE U.S. BANANA COMPANIES AND THE OTHER IS THE AGRARIAN REFORM PROGRAM. THESE INTERRELATED PROBLEMS WILL HAVE TO BE DEALT WITH AGAINST A BACKDROP OF A WEAK ECONOMY AND UNCERTAINTY ABOUT THE FUTURE POLITICAL STRUCTURE.
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2. CHIEF OF STATE MELGAR AND THE COUNCIL OF MINISTERS ESTABLISHED A COMMISSION TO ADVISE THE CHIEF OF STATE ABOUT WHAT RELATIONSHIP THE GOVERNMENT SHOULD HAVE TO THE TWO U.S. BANANA COMPANIES. IT STARTED ITS PROCEEDINGS ON

MAY 26 AND IS REQUIRED TO SUBMIT A REPORT BY JULY 9 TO THE CHIEF OF STATE. THE COMMISSION IS CHARGED WITH MAKING RECOMMENDATIONS ABOUT WHAT ACTION THE GOH SHOULD TAKE AGAINST UNITED BRANDS FOR THE DAMAGE CAUSED BY THE BRIBERY AND FOR DEVELOPING PROPOSALS FOR THE FUTURE OF THE BANANA COMPANIES IN HONDURAS. THE COMMISSION IS SPECIFICALLY CHARGED WITH STUDYING THE ADVISABILITY OF NATIONALIZATION AS OPPOSED TO RENEGOTIATION OF THE COMPANY CONCESSIONS.

3. THERE IS LITTLE QUESTION THAT THE COMMISSION WILL HAVE A DIFFICULT TASK IN PREPARING SUCH AN IMPORTANT REPORT IN A SHORT TIME PERIOD. THE COMPOSITION OF THE COMMISSION ALSO SUGGESTS THAT IT WILL BE DIFFICULT TO REACH AGREEMENT ON SUCH A COMPLEX ISSUE. THE EXECUTIVE SECRETARY OF THE COMMISSION, BENJAMIN VILLANUEVA OF THE MINISTRY OF ECONOMY, HAS TOLD EMBOFF THAT HE DOUBTS WHETHER ANY DEFINITIVE BANANA POLICY CAN BE DEVELOPED IN SUCH A SHORT PERIOD, AND ONE RECOMMENDATION MAY BE CONTINUING STUDY UNDER A NEW EXECUTIVE ORDER.

4. IT IS CLEAR THAT THE SUPERIOR DEFENSE COUNCIL WILL GIVE THE RECOMMENDATIONS OF THE COMMISSION SERIOUS CONSIDERATION. IN A RECENT CONVERSATION WITH LT. COLONEL CESAR ELVIR SIERRA, HE MENTIONED NO ACTION WOULD BE TAKEN WITH REGARD TO THE BANANA COMPANIES UNTIL THE COMMISSION'S REPORT IS COMPLETED. HE FELT THAT THE RECOMMENDATIONS WOULD BE IMPORTANT BECAUSE ALL SECTORS OF SOCIETY HAD BEEN INCLUDED WHEN INDIVIDUALS WERE NAMED TO THE COMMISSION. AS REFLECTED BY ELVIR, THE LT. COLONELS WANT TO TAKE ACTION THAT IS BROADLY SUPPORTED BY ALL SECTORS, BUT THEY ARE INCREASINGLY AWARE THAT THEY WILL BE ATTACKED FOR WHATEVER DECISIONS THEY MAKE ON SUCH A SENSITIVE ISSUE AS RELATIONS WITH THE BANANA COMPANIES.

5. THE OTHER AREA OF IMMEDIATE CONCERN IS THE AGRARIAN REFORM PROGRAM. THIS HAS BEEN AND REMAINS ONE OF THE MOST CONTENTIOUS CONFIDENTIAL

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OF ALL ISSUES. THERE WAS A GREAT DEAL OF OPPOSITION TO SOME ELEMENTS OF AGRARIAN REFORM ON THE PART OF THE PRIVATE SECTOR AND THE POLITICAL PARTIES WHILE THE LAW WAS BEING DEVELOPED DURING THE LOPEZ REGIME. IMPLEMENTING REGULATIONS HAVE BEEN UNDER DISCUSSION WITH THE GOVERNMENT SINCE THE AGRARIAN REFORM DECREE WAS ISSUED IN JANUARY 1975. THE NATIONAL CAMPESINO UNION (UNC), THE SECOND LARGEST CAMPESINO ORGANIZATION, INITIATED LAND INVASIONS THROUGHOUT THE COUNTRY ON MAY 18 CLAIMING THAT THE NATIONAL AGRARIAN INSTITUTE (INA) WAS NOT ACTING QUICKLY ENOUGH TO PROVIDE LAND FOR NEEDY CAMPESINOS. UNC DEMANDED THAT THE DIRECTOR OF INA, LT. COLONEL MARIO MALDONADO MUNOZ, BE REMOVED AND THAT LAND BE DISTRIBUTED IN TIME FOR SEEDING. COHEP (HONDURAN COUNCIL OF PRIVATE ENTERPRISE) CALLED ON THE GOVERNMENT TO END THE LAND IN-

VASIONS AND SAID THAT THE CONFRONTATION WOULD DETERMINE WHETHER THE COUNTRY WOULD BE ABLE TO LIVE WITHIN A STRUCTURE OF LAW AND ORDER. THE EXECUTIVE COMMITTEE OF ANACH, THE LARGEST CAMPESINO ORGANIZATION, ISSUED A STATEMENT SAYING THEY WERE NOT IN FAVOR OF LAND INVASIONS, BUT THAT THEIR OWN MEMBERS MIGHT INITIATE INVASIONS IF INA DOES NOT ACT SOON TO CARRY OUT THE AGRARIAN REFORM LAW. A COMMISSION APPOINTED BY THE SUPERIOR DEFENSE COUNCIL STATED THAT INA WOULD DO ALL IN ITS POWER TO DISTRIBUTE LAND AS SOON AS POSSIBLE, BUT ORDERED THE CAMPESINOS TO LEAVE THE INVADDED LANDS BY 6:00 P.M. MAY 23. THE SUPERIOR DEFENSE COUNCIL MET IN ALMOST CONTINUOUS SESSION AND ORDERED TROOPS TO REMOVE FORCIBLY THE CAMPESINOS IF THEY DID NOT LEAVE BY 6:00 P.M. THE UNC DIRECTED ITS FOLLOWERS TO LEAVE THE INVADDED LANDS PRIOR TO THE DEADLINE, THUS AVOIDING A CONFRONTATION WITH THE MILITARY. DURING THIS TENSE PERIOD, IT WAS VERY CLEAR THAT THE MILITARY WISHED TO AVOID A CONFRONTATION AT ALMOST ANY COST, BUT WERE UNWILLING TO ALLOW THE UNC TO CHALLENGE THE GOVERNMENT. AT BASE IT WAS A RECOGNITION ON THEIR PART THAT THE AUTHORITY OF THE GOVERNMENT WAS AT STAKE.

6. WITHOUT QUESTION, THE NEXT FEW MONTHS WILL BE OF GREAT IMPORTANCE TO THE GOVERNMENT IN FACING THE AGRARIAN REFORM AND BANANA COMPANY ISSUES. IT WILL BE A TEST OF THE LT. COLONELS' ABILITY TO DIRECT THE GOVERNMENT, GIVEN THE IMPORTANCE OF THE ISSUES AND THEIR INEXPERIENCE IN GOVERNING. IN ADDITION, IT WILL BY NECESSITY FORCE THEM TO ADOPT
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A SOMEWHAT MORE COHERENT OUTLOOK ON THE GENERAL PROBLEMS CONFRONTING THE NATION. THERE IS A POSSIBILITY THAT THE LT. COLONELS' MAY TEND TO GROUP INTO OPPOSING FACTIONS IF THEY ARE UNABLE TO REACH A REASONABLE CONSENSUS. IN A VERY REAL SENSE THE NATURE AND FUTURE POLICIES OF THE GOVERNMENT MAY WELL BE DEFINED BY THEIR ACTIONS ON THESE TWO ISSUES. THE EMBASSY WILL EVALUATE THE GOVERNMENT'S OPTIONS AND DIFFICULTIES IN SUBSEQUENT TELEGRAMS.
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